
REPORT DIGEST

DEPARTMENT OF VETERANS' AFFAIRS ILLINOIS VETERANS' HOME AT LASALLE

COMPLIANCE AUDIT
For the Two Years Ended:
June 30, 1996

Summary of Findings:

Total this audit	5
Total last audit	1
Repeated from last audit	1

Release Date:



State of Illinois
Office of the Auditor General

WILLIAM G. HOLLAND
AUDITOR GENERAL

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SYNOPSIS

- ◆ Four purchases made by the Home totaling \$1,277 were made from the Members' Benefit Fund and should have been purchased with appropriated funds.
- ◆ The Home appeared to improperly utilize \$5,067 from vending machine profits for the benefit of employees. Due to statutory changes during the audit period, it is not clear whether money received by the Home may be used for the benefit of employees.

{Expenditures and Activity Measures are summarized on the next page.}

LASALLE VETERANS' HOME
COMPLIANCE AUDIT
For The Two Years Ended June 30, 1996

EXPENDITURE STATISTICS	FY 1996	FY 1995	FY 1994
! Total Expenditures (All Funds)*.....	\$5,151,585	\$4,773,179	\$4,304,828
<u>OPERATIONS TOTAL</u>	\$5,151,585	\$4,773,179	\$4,304,828
% of Total Expenditures.....	100%	100%	100%
Personal Services.....	\$3,325,704	\$3,063,231	\$2,726,172
% of Operations Expenditures.....	64.55%	64.18%	63.33%
Average No. of Employees.....	111	109	109
Other Payroll Costs (FICA, Retirement).....	\$533,276	\$470,222	\$411,625
% of Operations Expenditures.....	10.35%	9.85%	9.56%
Contractual Services.....	\$709,259	\$706,760	\$662,089
% of Operations Expenditures.....	13.77%	14.81%	15.38%
Locally Held Funds.....	\$10,598	\$20,108	\$20,842
% of Operations Expenditures.....	0.21%	0.42%	0.48%
All Other Operations Items.....	\$572,748	\$512,858	\$484,100
% of Operations Expenditures.....	11.12%	10.74%	11.25%
! Cost of Property and Equipment.....	\$8,040,977	\$7,715,722	\$7,484,403

SELECTED ACTIVITY MEASURES	FY 1996	FY 1995
! Average Number of Employees.....	111	109
! Average Number of Members.....	101	101
! Ratio-Average Number of Employees to Members.....	1.10/1	1.08/1
! Estimated Cost Per Year Per Member**.....	\$24,406	\$21,783

HOME ADMINISTRATOR(S)
During Audit Period: Richard A. Cranford Currently: Richard A. Cranford

*Includes all funds except the Members' Trust Fund and the Clearing Account.

**Refer to pages 22 and 23 of Report for basis of calculation and comments.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

BENEFIT FUND EXPENDITURES

Benefit funds were used to pay for ordinary expenditures of the Home

The Home made expenditures from the Members' Benefit Fund which we believe should have been purchased with appropriated funds. These expenditures were for:

- ◆ sensors to test the alarm system used by ambulatory residents (\$357)
- ◆ 25 pounds of ham and horseradish (\$45)
- ◆ slings for the patient lifts (\$690)
- ◆ video tapes for employee training (\$185)

We believe the above items should have been purchased with appropriated funds since the expenditures were for routine operations of the Home. The Department of Veterans' Affairs Act requires monies expended from the Members' Benefit Fund to be for the special comfort, pleasure and amusement of residents and *may not be used to supplement a shortfall of the ordinary and contingent expenses of the Home* (emphasis added).

The wording emphasized above was added to the Department of Veterans' Affairs Act by a statutory amendment which was effective early in FY95. Home management were not aware of the exact wording of the statute and believed the above expenditures were acceptable because they were for the benefit of the members.

We recommended the Home's management thoroughly review whether items to be purchased with Benefit Fund monies should be provided through appropriated State funds. The Home agreed with our recommendation and responded it is implementing procedures to ensure Benefit Fund expenditures fall within statutory guidelines. (Finding 4, page 9)

PROFITS FROM VENDING MACHINE SALES

Profits from vending machines were used for employee benefit

The Home appears to be improperly utilizing profits from vending machine sales. During the audit period, the Home expended \$5,067 from a local account for employee recognition dinners and employee Christmas parties. The original source of the funds was profits from vending machine sales at the Home.

Due to statutory amendments made to the Veterans' Affairs Act early in the audit period, it is not clear whether vending machine sales can be used for employee benefit. Prior to the amendment, the Act allowed local funds to be used for the special comfort, pleasure and amusement of residents *and employees* (emphasis added). The Act also provided limitations on the amount which could be used for employees. The statutory amendment eliminated the clause which permitted use of local funds for employees. However, the statutory clause addressing amounts which could be used for employees was not affected by the amendment. (Finding 5, page 10)

We recommended the Home work with the Central Office and seek clarification to the unclear statutes. The Home agreed with our finding and recommendation.

OTHER FINDINGS

The remaining findings were less significant and Home management have responded that corrective action is in process. We will review progress toward implementing our recommendations in our next audit.

Responses to the recommendations were provided by Wilfred Kaltenbach, Chief Internal Auditor, Department of Veterans' Affairs.

AUDITORS' OPINION

We conducted a compliance audit of the Home as required by the Illinois State Auditing Act. We also performed certain agreed-upon procedures with respect to the records of the Home to assist our single audit of the

entire Department of Veterans' Affairs. Financial statements for the Department and federal reporting are included in the audit report of the Department of Veterans' Affairs - Central Office.

WILLIAM G. HOLLAND, Auditor General

WGH:GSS:pp

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors for this audit were Nykiel, Carlin, Lemna & Co.

